

# **Tobin & Co.**

Weldon Township

Benzie County, Michigan

Audit Report

For the Year Ended March 31, 2005

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Weldon Township	County Benzie
Audit Date 3/31/05	Opinion Date 9/16/05	Date Accountant Report Submitted to State: 9/26/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

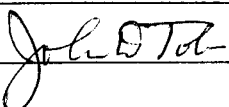
We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

**TOBIN & CO., P.C.**

**400 E. EIGHTH ST.**

**TRAVERSE CITY, MI 49686-2668**

Certified Public Accountant (Firm Name)			
Street Address		City	State
231-947-0151			ZIP
Accountant Signature		Date	
			

INTRODUCTORY SECTION

# Tobin & Co.

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# **Tobin & Co.**

## Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Weldon Township, Benzie County, for the year ended March 31, 2005 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Weldon Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

### General

Records were maintained in good condition by your present Clerk and Treasurer. Recorded revenues were deposited intact, journals and ledgers were properly posted, Board minutes were maintained in good order, and supporting documents and follow-up procedures appeared adequate. The efforts of these officials for 2004-2005 are commendable.

### Budgets and Procedures

The General and Special Revenue funds were properly budgeted. However, expenditures for several cost centers exceeded budgeted amounts. You should consider using the budget feature in your computer software to monitor this in the future.

### General Fund

The General Fund is presented on Schedule 1 of this report. Revenues totaled \$101,015 and expenditures totaled \$91,611. The fund balance at March 31, 2005 was \$134,746.

### Fire Fund

This fund is permitted by statute and is used to collect property taxes assessed for fire protection. For the year, this fund collected property taxes amounting to \$44,657 and paid \$44,560 for fire protection. There was a balance of \$5,021 in this fund at March 31, 2005. See Schedule 2.

### Property Tax Administration Fees

A 1% property tax administration fee, permitted by statute, was levied on all 2004 property taxes. Fees collected may be used only to offset such property tax administration costs as assessing, collecting and the review and appeal process. As reflected on Schedule 9, costs for the audit year exceeded fees collected by \$10,598; so the Township was in compliance with statutory requirements.

### Property Tax Collections

The collection and distribution of the 2004 tax levy was handled in an excellent manner by the Township Treasurer. Deposits were made every few days and were intact. Payments to taxing units during the collection period were in accordance with statutory requirements.

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## Comments and Recommendations

### Insurance and Surety Bond Coverage

Our examination disclosed that the Township has such insurance coverage as fire and lightening, liability, errors and omissions, equipment, crime and workmen's compensation. Board minutes indicate that coverage was reviewed during the audit year. The Clerk, Treasurer, their deputies, and the Supervisor are covered by surety bonds. There is also a blanket bond covering all employees.

### Other Data

We are pleased to note the use of interest bearing bank accounts and investments which resulted in earned interest of \$431 for the audit year.

Payroll records reflect that proper procedures are being followed in payroll withholdings, remittances, federal and State reports, etc.

After completion of our audit, we will transmit two (2) copies of this report to the State Department of Treasury.

We again commend the Clerk and Treasurer for the excellent condition of the Township records. We further appreciate the courtesy extended our field auditor in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

FINANCIAL SECTION

# Tobin & Co.

## REPORT OF INDEPENDENT AUDITOR

To the Township Board  
Weldon Township  
Benzie County  
Weldon, Michigan 49646

We have audited the accompanying financial statements of the governmental activities and each major fund of Weldon Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of Weldon Township at March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis are not a required part of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Weldon Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Tobin & Co., P.C.*

TOBIN & CO., P.C.  
September 16, 2005



# Tobin & Co.

## WELDON TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Board of the Weldon Township, Benzie County, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Weldon Township for the fiscal year ended March 31, 2005.

### Financial Highlights

The assets of Weldon Township exceeded its liabilities at the close of the most recent fiscal year by \$186,742. Of this amount, \$148,781 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$148,781, an increase of \$9,888 in comparison with the prior year. The total amount, \$134,746 is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$134,746, or 147% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Weldon Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

#### 1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-section business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, and Public Works. Weldon Township does not have any business-type activities (examples would include water and sewer, golf courses, etc.).

#### 2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Weldon Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Weldon Township are categorized as governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Weldon Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, Liquor Law Enforcement Fund, and Budget Stabilization Fund, of which the Fire Fund is considered to be a major fund. All Township government activities are included in these four funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

## **3. Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **General Fund Analysis and Highlights**

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$134,746. Unreserved fund balance represents 147% of total general fund expenditures.

The fund balance of the Township's general fund increased by \$9,404 during the current fiscal year.

Differences between the original budget and the final amended budget were minimal. No increase or decrease in appropriations of the total budget was made during the year. The total dollars spent in general fund activities was \$7,295 less than appropriated.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Several noteworthy exceptions are:

1. Recycling – Clean-up Day
2. Elections
3. Insurance

### **Analysis of Balances and Transactions of the Other Township's Funds.**

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

#### **Fire Fund**

The Fire fund is maintained by a voter passed Millage of 1.0 mills that expires in 2006 (this was reduced to 0.8594 by the Headlee Amendment rollback). At the end of the current fiscal year, the total Fire fund balance was \$5,021. The fund balance of the Township's Fire fund increased by \$97 during the current fiscal year.

#### **Liquor Law Enforcement Fund**

At the end of the current fiscal year, the total Liquor Law Enforcement fund balance was \$5,914.

#### **Budget Stabilization Fund**

At the end of the current fiscal year, the total Budget Stabilization fund balance was \$3,100.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

The Township's investment in capital assets for its governmental activities as of March 31, 2005, amounts to \$37,961. This investment in capital assets includes: two parcels of land, the Township Hall, office furniture and equipment and computers. This is the first year that the total Township's investment in capital assets has been assessed and reported. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives. This fiscal year the amount by which capital outlays exceeded depreciation was \$268.

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## **Cash Assets**

At the end of the current fiscal year, the Township had \$148,885 in cash and other spendable assets. Of this amount, \$148,885 (100%) was held in a Money Market Fund (Bank) and was receiving interest. The Township is limited by State law in how it can invest these funds, and we have made no changes in our investment strategy in several years.

## **Long-term Debt**

At the end of the current fiscal year, the Township had no bonded or installment debt outstanding.

## **Pension Plan**

Township employees have the option of having the Township pay Social Security payments or to join our pension plan. The Township makes contributions equal to approximately 7.4% of each employee's wage to Municipal Retirement Systems, Inc. on behalf of each participating employee. This is an expensed item in the budget and totaled \$1,530 for the fiscal year. The Township provides no other employee benefits.

## **Requests for Information**

This financial report is designed to provide a general overview of Weldon Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Fran Griffin, Township Clerk, P. O. Box 570, Thompsonville, MI 49683.

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## Weldon Township Statement of Net Assets March 31, 2005

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u> <u>And Total</u>
Assets	
Cash	\$ 148,885
Receivables	4,463
Prepaid Expenses	4,886
Capital Assets	
Land	250
Other Capital Assets, Net of Depreciation	<u>37,711</u>
Total Capital Assets	<u>37,961</u>
Total Assets	<u>196,195</u>
Liabilities	
Accounts Payable	3,817
Payroll Taxes	1,173
Deferred Revenue	<u>4,463</u>
Total Liabilities	<u>9,453</u>
Net Assets	
Invested in Capital Assets	37,961
Unrestricted	<u>148,781</u>
Total Net Assets	<u>\$ 186,742</u>

See Accompanying Notes to Basic Financial Statements

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## Weldon Township Statement of Activities For the Year Ended March 31, 2005

Functions/Programs	Program Revenues			
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Legislative	\$ 12,131	\$ -	\$ -	\$ (12,131)
General Government	63,341	6,000	-	(57,341)
Public Safety	54,100	-	-	(54,100)
Public Works	<u>7,686</u>	<u>-</u>	<u>-</u>	<u>(7,686)</u>
Total Governmental Activities	<u>\$ 137,258</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>(131,258)</u>
General Revenues:				
Taxes				119,262
State Grants				19,168
Unrestricted Investment Earnings				431
Miscellaneous				<u>2,553</u>
Total General Revenues				<u>141,414</u>
Change in Net Assets				10,156
Net Assets – Beginning				<u>176,586</u>
Net Assets – Ending				<u>\$ 186,742</u>

See Accompanying Notes to Basic Financial Statements

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## Weldon Township Balance Sheet Governmental Funds March 31, 2005

	<u>General</u>	<u>Fire Fund</u>	<u>Other</u>	<u>Total</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 134,850	\$ 5,021	\$ 9,014	\$ 148,885
Taxes Receivable – Current	4,463	-	-	4,463
Prepaid Expenses	<u>4,886</u>	<u>-</u>	<u>-</u>	<u>4,886</u>
Total Assets	<u>\$ 144,199</u>	<u>\$ 5,021</u>	<u>\$ 9,014</u>	<u>\$ 158,234</u>
<u>Liabilities and Fund Equity</u>				
<u>Liabilities:</u>				
Accounts Payable	\$ 3,817	\$ -	\$ -	\$ 3,817
Payroll Taxes	1,173	-	-	1,173
Deferred Revenue	<u>4,463</u>	<u>-</u>	<u>-</u>	<u>4,463</u>
Total Liabilities	<u>9,453</u>	<u>-</u>	<u>-</u>	<u>9,453</u>
<u>Fund Equity:</u>				
Fund Balance – Unreserved	<u>134,746</u>	<u>5,021</u>	<u>9,014</u>	<u>148,781</u>
Total	<u>134,746</u>	<u>5,021</u>	<u>9,014</u>	<u>148,781</u>
Total Liabilities and Fund Balances	<u>\$ 144,199</u>	<u>\$ 5,021</u>	<u>\$ 9,014</u>	
Amounts reported for governmental activities on the statement of net assets are different because:				
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.				<u>37,961</u>
Net assets of governmental activities.				<u>\$ 186,742</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

Weldon Township  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended March 31, 2005

	<u>General</u>	<u>Fire Fund</u>	<u>Other</u>	<u>Total</u>
<u>Revenues</u>				
Taxes	\$ 74,605	\$ 44,657	\$ -	\$ 119,262
Licenses and Permits	995	-	-	995
State Grants	17,426	-	1,742	19,168
Charges for Services	5	-	-	5
Interest and Rents	5,431	-	-	5,431
Other	<u>2,553</u>	<u>-</u>	<u>-</u>	<u>2,553</u>
Total	<u>101,015</u>	<u>44,657</u>	<u>1,742</u>	<u>147,414</u>
<u>Expenditures</u>				
Legislative	12,131	-	-	12,131
General Government	61,586	-	-	61,586
Public Safety	8,185	44,560	1,355	54,100
Public Works	7,686	-	-	7,686
Capital Outlay	<u>2,023</u>	<u>-</u>	<u>-</u>	<u>2,023</u>
Total	<u>91,611</u>	<u>44,560</u>	<u>1,355</u>	<u>137,526</u>
Excess Revenues (Expenditures)	9,404	97	387	9,888
Fund Balance – Beginning of Year	<u>125,342</u>	<u>4,924</u>	<u>8,627</u>	<u>138,893</u>
Fund Balance – End of Year	<u>\$ 134,746</u>	<u>\$ 5,021</u>	<u>\$ 9,014</u>	<u>\$ 148,781</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

Weldon Township  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
Of Governmental Activities  
For the Year Ended March 31, 2005

Net change in fund balances – total governmental funds \$ 9,888

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

268

Changes in net assets of governmental activities

\$ 10,156

See Accompanying Notes to Basic Financial Statements



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## Weldon Township Statement of Fiduciary Net Assets March 31, 2005

Assets	Agency Funds
Cash	\$ 39,895
Total Assets	<u>39,895</u>
Liabilities	
Undistributed Taxes and Interest	<u>39,895</u>
Total Liabilities	<u>39,895</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

Weldon Township  
Notes to Financial Statements  
March 31, 2005

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Weldon Township is a general law township located in Benzie County. Population as of the 2000 census was 530, and the current state equalized valuation for taxable property is \$69,965,450 and the taxable value is \$51,823,737.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

### B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

#### Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

#### Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

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Weldon Township  
Notes to Financial Statements  
March 31, 2005

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

### D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

### E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	20 years
Buildings	40 years
Building Improvements	25 years
Furniture and Fixtures	10 years
Office Equipment	5 years

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## Weldon Township Notes to Financial Statements March 31, 2005

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$ 69,965,450	\$ 51,823,737	.7842
Fire	\$ 69,965,450	\$ 51,823,727	.8594

#### G. Investments

There were no investments during the audit year.

#### H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2005.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2005, five cost centers exceeded their budgets without formal amendment.

### NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

#### A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).

# Tobin & Co.

## Weldon Township Notes to Financial Statements March 31, 2005

### NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

#### A. Legal Provisions for Deposits and Investments (Continued)

- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

#### B. Types of Deposits and Investments

The Township had \$185,187 deposited with local financial institutions at March 31, 2005 with a carrying value of \$185,167. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$85,187 of uninsured deposits at March 31, 2005.

### NOTE 4 - CAPITAL ASSETS

Capital assets of governmental activities consisted of the following at March 31,

	<u>03/31/04</u>	<u>Additions</u>	<u>Dispositions</u>	<u>03/31/05</u>
Land	\$ 250	\$ -	\$ -	\$ 250
Buildings and Improvements	54,825	-	-	54,825
Furniture and Equipment	-	2,023	-	2,023
Total Cost	55,075	2,023	-	57,098
Accumulated Depreciation	(17,382)	(1,755)	-	(19,137)
Undepreciated Cost	<u>\$ 37,693</u>	<u>\$ 268</u>	<u>\$ -</u>	<u>\$ 37,961</u>

### NOTE 5 - LONG-TERM DEBT

The Township has no long-term debt and no such borrowing is anticipated in the near future.

### NOTE 6 - LOANS AND ADVANCES BETWEEN FUNDS

There were no inter-fund loans or appropriations during the audit year.

### NOTE 7 - INVENTORIES

Weldon Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

# **Tobin & Co.**

Weldon Township  
Notes to Financial Statements  
March 31, 2005

NOTE 8 - RETIREMENT PLAN

The Township participates in a defined contribution pension plan administered by Municipal Retirement Systems, Inc. The plan covers all elected officials. The Township clerk is the plan administrator. Township contributions to the plan were \$1,530. All costs are paid by the Township. Covered payroll was \$20,704 for the 2004-2005 plan year out of a total payroll of \$25,044.

NOTE 9 - CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities as of March 31, 2005.

NOTE 10- COMPENSATED ABSENCES

The Township does not provide for the payment to employees for sick leave, accumulated leave, etc.

NOTE 11- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Burnham and Flowers and Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

# Tobin & Co.

Weldon Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2005

Schedule I  
Page 1

<u>Revenues</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 52,104	\$ 52,104	\$ 38,877	\$ (13,227)
Delinquent Taxes	3,000	3,000	7,032	4,032
Swamp Tax	14,782	14,782	14,774	(8)
Property Tax Administration Fees	10,432	10,432	13,922	3,490
Licenses and Permits	1,000	1,000	995	(5)
State Grants:				
State Shared Revenues	12,000	12,000	14,611	2,611
Metro Act	-	-	2,815	2,815
Charges for Services	-	-	5	5
Interest and Rents:				
Interest	1,500	1,500	431	(1,069)
Rent	5,000	5,000	5,000	-
Other:				
Miscellaneous and Reimbursements	250	250	2,553	2,303
<b>Total Revenues</b>	<b>100,068</b>	<b>100,068</b>	<b>101,015</b>	<b>947</b>
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	2,254	-
Payroll Taxes and Fringe Benefits	-	-	638	-
Supplies	-	-	1,816	-
Dues	-	-	729	-
Insurance	-	-	6,514	-
Miscellaneous	-	-	180	-
<b>Total</b>	<b>10,308</b>	<b>10,777</b>	<b>12,131</b>	<b>(1,354)</b>
<b>Total Legislative</b>	<b>10,308</b>	<b>10,777</b>	<b>12,131</b>	<b>(1,354)</b>
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	4,725	-
Payroll Taxes and Fringe Benefits	-	-	1,465	-
<b>Total</b>	<b>6,400</b>	<b>6,400</b>	<b>6,190</b>	<b>210</b>
Assessor:				
Contracted Services	-	-	11,798	-
Supplies	-	-	818	-
Travel	-	-	170	-
<b>Total</b>	<b>12,798</b>	<b>12,798</b>	<b>12,786</b>	<b>12</b>

The Notes to the Basic Financial Statements are an integral part of this statement.



# Tobin & Co.

Weldon Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2005

Schedule 1  
Page 2

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Expenditures (Continued)</u>				
Elections:				
Salaries and Wages	-	-	1,180	-
Payroll Taxes and Benefits	-	-	279	-
Supplies	-	-	153	-
Contracted Services	-	-	349	-
Mileage and Travel	-	-	49	-
Printing and Advertising	-	-	616	-
Education and Training	-	-	250	-
Total	<u>2,300</u>	<u>2,703</u>	<u>2,876</u>	<u>(173)</u>
Clerk:				
Salaries and Wages	-	-	8,665	-
Payroll Taxes and Fringe Benefits	-	-	2,737	-
Supplies	-	-	837	-
Travel	-	-	25	-
Printing and Publication	-	-	68	-
Total	<u>11,200</u>	<u>12,200</u>	<u>12,332</u>	<u>(132)</u>
Board of Review:				
Salaries and Wages	-	-	832	-
Payroll Taxes and Fringe Benefits	-	-	196	-
Printing	-	-	47	-
Education and Training	-	-	220	-
Total	<u>1,000</u>	<u>1,000</u>	<u>1,295</u>	<u>(295)</u>
Treasurer:				
Salaries and Wages	-	-	6,003	-
Payroll Taxes and Fringe Benefits	-	-	1,886	-
Supplies and Postage	-	-	6,250	-
Travel	-	-	59	-
Total	<u>10,000</u>	<u>10,600</u>	<u>14,198</u>	<u>(3,598)</u>
Township Hall and Grounds:				
Contracted Services	-	-	1,263	-
Supplies	-	-	581	-
Public Utilities	-	-	3,036	-
Maintenance and Repairs	-	-	1,279	-
Total	<u>7,000</u>	<u>7,000</u>	<u>6,159</u>	<u>841</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

## Weldon Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2005

Schedule 1  
Page 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Cemetery:				
Contractual Services	-	-	750	-
Total	600	750	750	-
Recreation and Cultural:				
District Library	-	-	5,000	-
Total	5,000	5,000	5,000	-
Other:				
Contingency	-	-	-	-
Total	9,000	5,178	-	5,178
Total General Government	65,298	63,629	61,586	2,043
Public Safety:				
Planning and Zoning:				
Salaries and Wages	-	-	1,238	-
Contracted Services	-	-	5,428	-
Supplies	-	-	832	-
Printing and Publishing	-	-	687	-
Total Public Safety	11,000	12,000	8,185	3,815
Public Works:				
Road Maintenance and Improvements	-	-	2,319	-
Township Cleanup	-	-	5,367	-
Total Public Works	8,500	8,500	7,686	814
Capital Outlay	4,000	4,000	2,023	1,977
Total Expenditures	99,106	98,906	91,611	7,295
Excess Revenues (Expenditures)	\$ 962	\$ 1,162	9,404	\$ 8,242
Fund Balance – Beginning of Year			125,342	
Fund Balance – End of Year			\$ 134,746	

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Weldon Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Fire Fund  
For the Year Ended March 31, 2005

Schedule 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$ 41,590	\$ 41,590	\$ 44,657	\$ 3,067
Total	<u>41,590</u>	<u>41,590</u>	<u>44,657</u>	<u>3,067</u>
<u>Expenditures</u>				
Fire Protection	<u>44,537</u>	<u>44,537</u>	<u>44,560</u>	<u>(23)</u>
Total	<u>44,537</u>	<u>44,537</u>	<u>44,560</u>	<u>(23)</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (2,947)</u>	<u>\$ (2,947)</u>	97	<u>\$ 3,044</u>
Fund Balance – Beginning of Year			<u>4,924</u>	
Fund Balance – End of Year			<u>\$ 5,021</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Weldon Township  
Combining Balance Sheet  
All Non-Major Funds  
March 31, 2005

Schedule 3

<u>Assets</u>	<u>Liquor Law Enforcement Fund</u>	<u>Budget Stabilization Fund</u>	<u>Total (Memo Only)</u>
Cash in Bank	\$ 5,914	\$ 3,100	\$ 9,014
Total Assets	<u>\$ 5,914</u>	<u>\$ 3,100</u>	<u>\$ 9,014</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Deferred Revenue	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
Fund Equity:			
Fund Balance	<u>5,914</u>	<u>3,100</u>	<u>9,014</u>
Total Fund Balance	<u>5,914</u>	<u>3,100</u>	<u>9,014</u>
Total Liabilities and Fund Equity	<u>\$ 5,914</u>	<u>\$ 3,100</u>	<u>\$ 9,014</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Weldon Township  
Combined Statements of Revenues, Expenditures and Changes in Fund Balance  
All Non-Major Funds  
March 31, 2005

Schedule 4

<u>Revenue</u>	<u>Liquor Law Enforcement Fund</u>	<u>Budget Stabilization Fund</u>	<u>Total (Memo Only)</u>
State Grants	\$ 1,742	\$ -	\$ 1,742
Total Revenue	1,742	-	1,742
<u>Expenditures</u>			
Public Safety	1,355	-	1,355
Total Expenditures	1,355	-	1,355
<u>Excess Revenues (Expenditures)</u>	387	-	387
<u>Fund Balance</u> – Beginning of Year	5,527	3,100	8,627
<u>Fund Balance</u> – End of Year	\$ 5,914	\$ 3,100	\$ 9,014

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Weldon Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Liquor Law Enforcement Fund  
For the Year Ended March 31, 2005

Schedule 5

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
State Shared Revenues	\$ 1,678	\$ 1,678	\$ 1,742	\$ 64
Total	1,678	1,678	1,742	64
<u>Expenditures</u>				
Salaries and Wages	-	-	1,300	-
Payroll Taxes	-	-	55	-
Total	1,678	1,678	1,355	323
<u>Excess Revenues (Expenditures)</u>	<u>\$ -</u>	<u>\$ -</u>	387	<u>\$ 387</u>
Fund Balance – Beginning of Year			5,527	
Fund Balance – End of Year			<u>\$ 5,914</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Weldon Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Budget Stabilization Fund  
For the Year Ended March 31, 2005

Schedule 6

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>	\$ 3,100	\$ 3,100	\$ -	\$ (3,100)
Total	3,100	3,100	-	(3,100)
<u>Expenditures</u>	3,100	3,100	-	3,100
Total	3,100	3,100	-	3,100
<u>Excess Revenues (Expenditures)</u>	\$ -	\$ -	-	\$ -
Fund Balance – Beginning of Year			3,100	
Fund Balance – End of Year			\$ 3,100	

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Weldon Township  
Statement of Changes in Assets and Liabilities  
All Agency Funds  
For the Year Ended March 31, 2005

Schedule 7

	Balance 3/31/04	Additions	Deductions	Balance 3/31/05
<u>Assets</u>				
Cash	\$ 96,336	\$ 1,710,346	\$ 1,766,787	\$ 39,895
Total Assets	\$ 96,336	\$ 1,710,346	\$ 1,766,787	\$ 39,895
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 96,336	\$ 1,710,346	\$ 1,766,787	\$ 39,895
Total Liabilities	\$ 96,336	\$ 1,710,346	\$ 1,766,787	\$ 39,895

The Notes to the Basic Financial Statements are an integral part of this statement.



# Tobin & Co.

## Weldon Township 2004 Property Tax Levy and Collections For the Year Ended March 31, 2005

Schedule 8

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County Tax	3.7565	\$ 194,793	\$ 179,373	\$ 15,420
County Jail	1.4236	73,817	67,974	5,843
County Medical Care Facility	0.9556	49,548	45,626	3,922
County Commission on Aging	0.6306	32,695	30,107	2,588
Animal Control	0.0976	5,056	4,656	400
County Veterans Relief	0.0250	1,291	1,189	102
ALS/Ambulance	0.6500	33,702	31,034	2,668
State Education	5.0000	310,939	299,162	11,777
School District	19.6600	876,828	813,788	63,040
Intermediate School District	2.9732	154,174	141,970	12,204
Township - General	0.7842	40,660	37,441	3,219
Township - Fire	0.8594	44,560	41,033	3,527
Commercial Forest		89	89	-
Property Tax Administration Fee		<u>18,148</u>	<u>16,904</u>	<u>1,244</u>
Total		<u>\$ 1,836,300</u>	<u>\$ 1,710,346</u>	<u>\$ 125,954</u>
Percent of Levy Collected	93.14%			
State Equalized Value		\$69,965,450		
Taxable Value		\$51,823,737		

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Weldon Township  
Statement of Revenues, Expenditures and Balance  
Property Tax Administration Fees  
For the Year Ended March 31, 2005

Schedule 9

Revenues

Property Tax Administration Fees \$ 13,922

Total Revenues 13,922

Expenditures

Assessor 12,786

Board of Review 1,295

Treasurer – 70% of Salary 9,939

Use of Building, Equipment, Etc. 500

Total 24,520

Excess Revenues (Expenditures) \$ (10,598)

The Notes to the Financial Statements are an integral part of this statement.